

Kentucky Real Estate NEWS

A Publication of the Kentucky Real Estate Commission

GROUP ERRORS AND OMISSIONS COVERAGE IS A CLAIMS-MADE AND REPORTED POLICY

Make sure you have coverage if a claim is filed!

By: Rice Insurance Services Company, LLC

Rice Insurance Services Company, LLC (RISC) administers the Commission's current group errors and omissions (E&O) insurance policy, issued by Continental Casualty Company. Under the group policy, it is important to maintain continuous coverage and to have coverage on the date a claim is made. As discussed further below, the policy or an extended reporting period (ERP) must be in effect when a claim is made for there to be coverage for the claim. If you are not renewing your RISC policy for any reason, including going inactive or retiring, you may want to consider purchasing an ERP endorsement (often called "tail coverage") to protect against covered claims that may arise after your policy's expiration date. RISC offers ERP endorsements of one, two, and three years. These endorsements extend the policy's reporting date so that the policy applies to claims made during the ERP. ERP endorsements are only available for ninety days following the licensee's last policy's end date.

The current Kentucky group policy, like most E&O policies, is a claims-made-and-reported policy. Four dates are important in determining whether a claim will be covered

under a claims-made-and-reported policy: (1) the policy's retroactive date, (2) the date of the professional services giving rise to the claim, (3) the date the claim is made, and (4) the date the insured reports the claim to the insurance company.

The current Kentucky group policy only applies to claims that relate to professional services provided on or after the retroactive date. Under the current Kentucky group policy, the retroactive date is established separately for each insured licensee. The retroactive date is the date the licensee first obtained, and from which has continuously maintained, E&O coverage. Any gap in coverage (in other words, any break between policy periods) will terminate the previously-established retroactive date and the new retroactive date will be the date the licensee reestablishes coverage.

Coverage is considered under the policy in effect the date the claim is made. If a claim arises after the licensee's policy expires and there is no ERP in effect, then there would be no applicable policy available to cover the claim. That means, for a claim to be covered, the insured must have coverage or an effective ERP on

Continued on Page 5

CONTENTS

Group Errors and Omissions Insurance Coverage	1
Comments from the Chair . . .	2
From the Director's Desk . . .	3
Electronic Signatures & Electronic Records	4
Lucie Duncan Joins KREC . . .	6
Continuing Education Requirement Comparison . . .	6
July Meeting Notice	6
Disciplinary Actions	7
Commissioner Appointment .	10
Kentucky Housing Corporation Loan Information	11
Online Licensing Services "How to Print a License" . .	12

The logo features the word "Kentucky" in a stylized blue font with a red outline, followed by "UNBRIDLED SPIRIT" in a smaller, blue, sans-serif font. A red silhouette of a galloping horse is positioned to the right of the text.

Issue No. 224, Summer 2014

KREC Will Be Closed:

September 1, 2014
(Labor Day)

&

November 11, 2104
(Veterans Day)

**Commission Meeting in
Ashland on July 17, 2014
(See Page 6 for Details)**

Kentucky Real Estate Commission

10200 Linn Station Road, Ste. 201
Louisville, KY 40223
Phone: 502-429-7250
Toll Free: 1-888-373-3300
Fax: 502-429-7246
Web Site: www.krec.ky.gov

Commissioners

James H. Huff, Chair
Ft. Mitchell

Bob Roberts, Vice-Chair
Richmond

Linda Gibson Cecil
Louisville

Kimberly Sickles
Louisville

Dana W. Anderson
Louisville

Commission Staff

Michael W. Wooden
Executive Director

Education and Licensing

Kristen Reese
Director of Licensing and
Education

Michelle Gary
Karen Huff
Rachael Carmicle

Legal

Ronald J. Harris
General Counsel

Denise Wade, Staff Attorney
Patricia Farris
Lucie Duncan

Administrative

Shelly Saffran
Director of Administration

Mary O'Wheatley
Tracy Delgado
Dianna Rogers

Comments from the Chair

by: **James H. Huff,**
Chair



I want to take this opportunity to thank everyone for their cooperation in making the 2014 license renewal process a great success. This was the fourth year of the Kentucky Real Estate Commission's online license renewal system. We have made steady progress in making the process more user friendly. This is reflected each year by the reduction in the number of licensee telephone calls and walk-in visits to KREC with questions or assistance with license renewal (*see chart below*).

This progress is due to modifications made to the Online Licensing Services log-in process and the experience of licensees' learning and navigating the renewal portion of that system. Licensees have become well-acclimated with the online process and are renewing online in great numbers before the March 31st deadline. In fact, by the last day of the 2014 renewal period, 94% of all licensees (active and escrow) had renewed. This is a huge improvement over the past method in which KREC staff would have to manually renew numerous licensees well after the renewal deadline.

You may have noticed that the KREC website (www.krec.ky.gov) has changed its appearance. The website recently switched to the Microsoft

SharePoint platform. The website contains all of the same information that was on the previous platform. And, one of the benefits of this change is that the KREC website is now mobile ready. This will allow you to access the website on your tablet, cellphone, or other mobile devices and utilize the mobile-friendly format. We encourage licensees to bookmark the website on your mobile devices so you can now always have fast, easy access to the wealth of information that is available on the KREC website.

The staff and commissioners of the Kentucky Real Estate Commission want you to know that we appreciate your patience and cooperation during the license renewal process. In addition, we would like to publically express our gratitude to Kentucky Interactive, our website administrator, responsible for building the online renewal system and the KREC Online Licensing Services that licensees are able to use throughout the year to complete many licensing functions electronically. Kentucky Interactive has built an efficient and user-friendly system, and we appreciate all of the effort they have put forth to create it and to continue to work with KREC staff to improve the system.

License Renewal Year	Telephone Calls	Walk-In Visits	Licenses Renewed Feb. 19 - April 17
2011	25,434	519	22,815
2012	19,691	457	21,243
2013	15,457	453	21,125
2014	11,706	399	21,145



From the Director's Desk

By: **Michael W. Wooden,**
Executive Director

According to information published by the Association of Real Estate License Law Officials (ARELLO®), all states require continuing education as a condition of ongoing real estate licensure. Many of those states at any given time are in the process of adjusting course requirements in order to best serve the goal of protecting the public in regulated real estate transactions. Kentucky is no exception to this trend.

During the 2014 Kentucky General Assembly, the Kentucky Real Estate Commission supported legislation (Senate Bill 51) intended to increase the number of required annual continuing education hours for active licensees from six hours to twelve hours. The legislation also required that six of the twelve hours would be required in real estate law (current law mandates only three of the six hours be in real estate law). The provisions of Senate Bill 51 only affected active real estate licensees. Individuals having their license in escrow status would continue their exempt status. In addition, licensees who received their license prior to June 19, 1976 would continue their exemption from continuing education requirements as a result of being "grandfathered" pursuant to KRS 324.046(5).

More work remains to pass legislation that will improve education standards for real estate licensees. However, the Commission remains committed to the concept of expanded continuing education for active licensees.

Many licensees have asked about the rationale for introducing and advocating the passage of legislation to increase continuing education requirements. As noted below, the Commission's reasons for supporting the legislation have not changed.

1. The Commission continues to witness an increasing number of repeated license law violations;
2. The real estate transaction has never been more complex and in-depth industry knowledge on a number of topics is necessary to ensure an acceptable experience for the consumer;
3. The home is the largest investment most people make and licensees have an obligation to their clients to protect the public interest by calling for the highest standards when it comes to the real estate transaction;
4. Industry professionals and real estate educators, based upon their observations and experience, have recommended the hourly requirements for active licensees be increased;
5. Increased continuing education will improve protection to Kentucky consumers by maintaining high standards and professional competency for active real estate licensees;
6. The real estate industry, mortgage financing, and technology is rapidly changing and necessitates licensees being current with these changes;
7. The current trend across the United States is increased continuing education for real estate licensees in order to better ensure professional competency;
8. All states require more real estate continuing education hours than are required in Kentucky, with the exception of Arkansas and Illinois, (both of which require the same number of hours (six) as Kentucky);
9. Six of the seven surrounding states (with Illinois being the exception) requires more continuing education hours than Kentucky;
10. Most licensed professions in Kentucky, except real estate licensees and auctioneers, require more than six hours annually, including: Home Inspectors (14); Real Estate Appraisers (14); Land Surveyors (8); Insurance Agents (12); and Mortgage Brokers (12); and,
11. Licensees are responsible for being knowledgeable of Kentucky's License Laws and Administrative Regulations; therefore being uninformed is not a defense for a violation.

In the coming months, we encourage all licensees to join with us and other real estate organizations in Kentucky in supporting increased continuing education. Your leadership and commitment to enhancing the status of real estate professionals and allowing Kentucky's consumers to receive the benefits of this professionalism will be critical to the ultimate passage of the legislation.



Executive Director Wooden presenting National Association of Real Estate Brokers President Donnell Spivey with a service award from the Commission.



Jim Huff, Chair



Bob Roberts, Vice-Chair



Linda Gibson Cecil



Kim Sickles



Dana W. Anderson



Electronic Signatures, Electronic Records & the Uniform Electronic Transactions Act

By: Denise Payne Wade, Staff Attorney

The following questions are among those that licensees have presented to the KREC Legal Department:

- * Can e-signatures be used in Kentucky?
- * Does an electronic copy of a seller's disclosure form satisfy the requirement in KRS 324.360(6) that the original of the form must be retained by the listing broker or the broker of any licensee who presents an offer on a property that is not listed?

The answer to both of the above questions is: **YES**, pursuant to the Uniform Electronic Transactions Act (KRS 369.101 to 369.120) ("the Act"), which became effective on August 1, 2000. The sections in the Act that address the questions presented are KRS 369.107(3) and KRS 369.112(1) and (4). KRS 369.107(3) states: "If a law requires a record to be in writing, an electronic record satisfies the law." KRS 369.112 states, in relevant part, as follows:

- (1) *If a law requires that a record be retained, the requirement is satisfied by retaining an electronic record of the information in the record which:*
 - (a) *Accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and*
 - (b) *Remains accessible for later reference.*

...

- (4) *If a law requires a record to be presented or retained in its original form, or provides consequences if the record is not presented or retained in its original form, that law is satisfied by an electronic record retained in accordance with subsection (1) of this subsection.*

Finally, KRS 369.103 provides the scope of the Act. If you have questions regarding the extent to which the Act applies to particular electronic records and electronic signatures relating to a transaction, a private attorney should be contacted. The KREC lacks jurisdiction over such matters.

Group Errors & Omissions Coverage

Continued from Page 1

the date the claim is made, have had coverage on the date of the professional services, and have continuously maintained coverage between those two dates. Further, the claim must be timely reported to the insurance company.

Example 1: Changing Careers

From November 1, 2006 to March 31, 2013, Ms. Salesperson worked in real estate and maintained continuous E&O coverage through RISC during that time. Her last E&O coverage was through the 2012 Kentucky group policy with effective dates of April 1, 2012 to April 1, 2013. For several years, Ms. Salesperson made extra money by selling pottery at art fairs. By 2012, Ms. Salesperson's pottery was so popular she decided to pursue that full time, so she did not renew her real estate license in 2013. Only active licensees may purchase insurance through the group policy; therefore, Ms. Salesperson was not eligible to purchase coverage through the April 1, 2013 to April 1, 2014 group policy.

Example 1A: Ms. Salesperson was so busy with her pottery business that she did not consider her E&O coverage. On August 5, 2013, Ms. Salesperson was served with a lawsuit filed by a seller she worked with in 2008. For purposes of this example, assume the lawsuit arose to a claim that would otherwise be covered under the policy. Ms. Salesperson submitted the lawsuit to RISC and asked that a lawyer be hired to represent her. Ms. Salesperson was disappointed to learn there is no coverage for the claim, because it arose after her policy's expiration date of April 1, 2013, and there was no ERP in place.

Example 1B: Instead of not considering E&O as in the previous example, Ms. Salesperson purchased a three-year ERP endorsement within ninety days after the expiration of her 2012 policy. The ERP endorsement extended the reporting period of her 2012 policy by three years to April 1, 2016. When Ms. Salesperson was served with the lawsuit on August 5, 2013, she timely submitted it to RISC. The claim was covered under Ms. Salesperson's 2012 policy, because it arose within the ERP. For purposes of this example, assume the lawsuit arose to a claim that would otherwise be covered under the policy.

Example 2: Retirement

Mr. Broker worked in real estate from January 1, 1998 to March 31, 2012, during which time he maintained continuous E&O coverage through several carriers. Mr. Broker's last policy was through the 2011 Kentucky group policy with effective dates of April 1, 2011 to April 1, 2012. Mr. Broker retired on March 31, 2012, and deactivated his license. Only active licensees may purchase insurance through the group policy, so Mr. Broker was not eligible to purchase coverage through the April 1, 2012 to April 1, 2013 group policy.

Example 2A: Mr. Broker thought there was no reason to worry about E&O coverage, since he retired from real estate. On May 15, 2013, Mr. Broker was served with a lawsuit filed by a client he worked with in 2007. For purposes of this example, assume the lawsuit arose to a claim that would otherwise be covered under the policy. Mr. Broker submitted the lawsuit to RISC. Unfortunately, there was no coverage for this claim, because Mr. Broker's policy expired on April 1, 2012, more than a year before the claim arose, and there was no ERP in place.

Example 2B: Instead of not worrying about E&O as in the previous example, assume Mr. Broker purchased a three-year ERP endorsement within ninety days of the expiration of his 2011 policy. This endorsement extends the reporting period of Mr. Broker's 2011 policy to April 1, 2015, an additional three years after the policy's expiration date. Mr. Broker is then served with the lawsuit on May 15, 2013, and timely reports it to RISC. Because the claim arose within the ERP, it is covered under Mr. Broker's 2011 policy. For purposes of this example, assume the lawsuit arose to a claim that would otherwise be covered under the policy.

Protect Yourself

Many E&O claims do not arise until years after the subject transaction. Accordingly, if you are inactivating your license for any reason, including retirement, you may be interested in purchasing an ERP endorsement. If you are insured through RISC, an ERP endorsement may be purchased within ninety days of your policy's end date. A one-year, two-year, or three-year ERP endorsement costs 100%, 150%, or 200% (respectively) of expiring premium, including any endorsement premium, plus tax. If you are insured through RISC and would like more information about ERP endorsements, or are interested in purchasing one, please visit our website, at www.risceo.com, or call our administrative office at (800) 637-7319, extension 1.



Lucie Duncan Joins the Commission's Legal Department



The Commission is delighted to welcome a new member to our team. Lucie Duncan was hired on April 1, 2014, as a Legal Assistant in the Commission's Legal Department.

Lucie was previously employed at United Parcel Service, Inc. (UPS), where she specialized in employee relations, operations management, employee training and records management. Lucie had worked for UPS for the past 16 years.

While working at UPS, Lucie earned her Associate Degree in Criminal Justice from Indiana Wesleyan University in 2011. Currently, Lucie is working toward her Bachelor's Degree in Criminal Justice and she is set to graduate next Spring.

When the position became available at the Commission, Lucie was excited to make a career change and utilize her degree in a legal position. In addition to her degree, Lucie

brings with her a wealth of knowledge and experience from her 16 years at UPS.

Lucie is the assistant to General Counsel Harris and Staff Attorney Wade. She prepares legal documents and correspondence at their direction and she is responsible for case administration and case statistics. Lucie processes complaint files, updates legal actions in the Commission's database, schedules/coordinates mediation conferences, and she prepares and maintains monthly and quarterly legal statistics for the commissioners. She also works closely with the Commission's investigators to oversee the administration of investigations.

Lucie brings with her a strong work ethic and she has quickly picked up her new responsibilities at the Commission. She has already proven herself to be a valuable employee. Lucie says, "I am excited to join the KREC family! I want to thank everyone for making me feel so welcome. With my experience, I hope I can be an asset to the Commission."

Lucie was born in Louisville, Kentucky and she still resides there today with her daughter, Kayla and her dog, Bentley. Lucie loves Notre Dame football, crime shows, and spending time with her family.

Welcome aboard Lucie!

Continuing Education Requirement Comparison of Surrounding States

<u>STATE</u>	<u>ANNUAL REQUIREMENT</u>
Alabama	7.5
Arkansas	6
Florida	14
Georgia	6
Illinois	6/12*
Iowa	36
Indiana	16
Kentucky	6
Louisiana	12
Mississippi	16
Missouri	12
North Carolina	8
Ohio	30
Pennsylvania	14
South Carolina	8
Tennessee	16
Virginia	16

**Illinois brokers need 6; managing brokers need 12*

July Commission Meeting Coming to Ashland, Kentucky



WHEN:

July 17, 2014, at 9:00 a.m.

WHERE:

***Holiday Inn Express
13131 Slone Court
Ashland, KY 41102***

***Please make plans to join us.
We look forward to seeing you there!***



Disciplinary Actions

**Michael P. Ziegler**

Case Nos. 11-0139 & 08-0209
(Hebron)

Violation: Mr. Michael P. Ziegler stipulates that he violated KRS 324.160(4)(v) and (t); specifically, 201 KAR 11:045(1)(1) and 201 KAR 11:121 (1)(4)(e) as it relates to Case No. 11-0139. These violations resulted from circumstances in which Mr. Ziegler, acting in a grossly negligent manner, caused a fireworks tent to be placed on his seller-client's property without his seller-client's knowledge or consent. While the Respondent denies any further violations, he agrees that the Commission may conclude after a hearing that he has engaged in conduct which violates the provisions of KRS 324.160(4)(b) and (u) relating to Case Nos. 11-0139 and 08-0209.

Disposition: Mr. Ziegler agreed to have his license status changed from "canceled" to "voluntarily surrendered" for five (5) years. By further agreement, during the 5-year period of surrender, Mr. Ziegler shall not engage in any activity in the Commonwealth of Kentucky that constitutes "real estate brokerage," as defined in KRS 324.010(1). In addition, Mr. Ziegler agreed that, if he seeks issuance of another license after the expiration of the 5-year period of surrender, he may do so only at the discretion of the Commission and shall retake the appropriate examination and meet all of the contemporary licensing requirements, pursuant to KRS 324.220.

Mark Hack

Case No. 12-0030
(Jeffersonville, Indiana)

Violation: Mr. Mark Hack stipulated to a violation of KRS 324.160(4)(j) for entering a guilty plea to a felony while licensed by the Commission.

Disposition: By agreement, Mr. Hack's license shall be placed on indefinite probation with no right to

petition for reinstatement from probation until he has satisfactorily completed the federal criminal probation supervision, which resulted from his conviction. By further agreement, Mr. Hack shall: 1) allow the Commission to conduct periodic random audits of his escrow account and general investigations of his real estate brokerage practice, including a review of his real estate brokerage records and files, while fully cooperating during same; 2) Pay a \$2,000 fine within a 60-day period; and 3) complete, within 12 months from the acceptance of his order, three hours in real estate ethics or code of ethics training, in addition to his regular continuing education requirements.

Barry D. Dyer

Case No. 12-0092 (Alvaton)

Violation: Mr. Barry D. Dyer stipulated to a violation of KRS 324.160(4)(u), resulting from confusion and misunderstandings centering on Mr. Dyer's good-faith, but unsuccessful, attempt to properly refer a buyer-client to Mr. Mackie E. Shelton, who failed to take proper action to ascertain his role with respect to the prospective buyer. Said violation also resulted from his failure to properly handle the prospective purchaser's offer, which included a \$5,000.00 earnest money deposit, and their failure to properly handle a calculation error that the seller-client discovered in the buyer-client's offer. In addition, Mr. Dyer stipulates to an unintentional violation of KRS 324.160(4)(t); specifically, 201 KAR 11:400, resulting from his confusion over agency disclosure requirements. In addition, Respondent Dyer stipulated to an unintentional violation of KRS 324.160(6) for inadvertently failing to exercise adequate supervision over Stevie R. Blankenship.

Disposition: Mr. Dyer agreed to send a check in the amount of \$5,000 to the complainants Allstaedt,

representing their goodwill payment and earnest money deposit, and he agreed to complete, within a 90-day period, six hours of continuing education, in law, in addition to any hours otherwise required by law.

Eric Hatcher

Case No. 09-0033 (Bowling Green)

Violation: Mr. Eric Hatcher stipulated that, while acting in the capacity of a dual agent in transactions involving bank-owned properties, he violated:

1. KRS 324.160(4)(t) by violating:
 - a. 201 KAR 11:250, Section 1, by:
 - 1) failing to include the time that each party signed certain listing contracts; and 2) failing of have certain other listing contracts signed, dated and timed;
 - b. 201 KAR 11:250, Section 2, by failing to include in certain offers/purchase contracts: 1) the offer expiration date and time; 2) the possession date; and 3) the time of signing addenda in a transaction involving one of said properties;
 - c. KRS 324.360 and 201 KAR 11:350 by: 1) failing to include a buyer's signature and date of signing on a seller's disclosure form; and 2) failing to include the correct property address on a seller's disclosure form for his listed property;
 - d. 201 KAR 11:400 by: 1) failing to properly complete an agency disclosure statement that he prepared for himself as buyer of a bank-owned property; 2) failing to provide an agency disclosure statement to his out-of-state seller-client; 3) using incorrect/outdated agency disclosure forms; 4) failing to disclose, to his out-of-state seller-client, his business relationship with Respondent Renfro, who purchased property while Respondent Renfro was affiliated with the real estate brokerage company that provided dual agency services in the transaction; 5) failing to disclose, on other agency disclosure forms, his business relationship with

Disciplinary Actions

Continued from Page 7

his buyer-client/agent, who purchased bank-owned property from Respondent Hatcher's out-of-state seller-client; 6) failing to include, on agency forms, the required date and time of signing; 7) failing to fully complete agency disclosure forms and failing to disclose on same, to his out-of-state seller-client, his business relationship with his buyer-client/agent who purchased a bank-owned property, in a dual agency transaction; 8) including an incorrect property address on an agency disclosure form that Respondent Hatcher partially completed for his seller-client and omitting the property address on the form that was partially completed for Respondent Hatcher's LLC, which purchased same; and 9) failing to properly complete an agency disclosure statement for his buyer-client/licensee, resulting from Respondent Hatcher's failure to complete an agency disclosure statement for a different out-of-state seller-client, thereby failing to disclose, to said client, Respondent Hatcher's business relationship with the purchaser of property—another licensee's LLC;

2. KRS 324.160(4)(e) by failing to disclose his status as a licensee in writing on the offer/purchase contract that he prepared for his purchase of property in the name of his limited liability company, Serendipity Homes, LLC; and

3. KRS 324.160(4)(u) by: 1) failing to act properly to ensure that the offer/purchase contract he prepared for his buyer-clients in separate dual agency transactions involving bank-owned properties also included the written disclosure of his buyer-clients' status as licensees, as required by KRS 324.160(4)(e); and 2) causing a picture of property located at one address to be inserted in his MLS promotion/advertisement of property located at a different address.

Disposition: Mr. Hatcher agreed that his license shall be placed on

probation for one (1) year, beginning on the acceptance date of the Agreed Order. As agreed, during said probationary period, the Commission may conduct a random review of Respondent Hatcher's real estate brokerage files and records, including those for transactions involving bank-owned/"REO" properties. By further agreement, Mr. Hatcher shall pay a \$1,000 fine, and complete, within a 6-month period, six additional hours of continuing education (with 3 of these 6 hours in agency law and the remaining 3 hours in contract law). Alternatively, Mr. Hatcher shall complete, within 6-months from acceptance of his order, the Commission's 6-hour Core Course, in addition to any continuing education hours he is otherwise required to complete.

Elizabeth F. Johnson

Case No. 11-0014 (Gilbertsville)

Violation: Ms. Elizabeth F. Johnson stipulated that she violated KRS 324.160(4)(u) and (t); specifically, 201 KAR 11:105, Sections 1 and 2, by: 1) promoting and/or advertising real property to the general public without a written listing agreement signed by the property owners; and 2) placing a sign on the property without the written consent of its owners. These violations resulted from Respondent's mistaken assumption that a lease option contract authorizes a tenant who has entered into same to act as an owner of the property. They also resulted from Respondent's failure to take proper action to timely discover the identity of the actual owners of the property.

Disposition: Ms. Johnson agreed to pay a \$1,000 fine, within a 30-day period; complete three additional hours of continuing education in contracts, within 6-month period; and accept a formal reprimand.

Luke A. Williams

Case No. 09-0033 (Bowling Green)

Violation: Mr. Luke A. Williams stipulated that he has violated KRS 324.160(6) by failing to exercise adequate supervision over the activities of his affiliated licensees, Respondents Hatcher and Renfro, to

avoid their stipulated violations in this action.

Disposition: By agreement, Mr. Williams shall make his real estate brokerage files, including his files and records for transactions involving bank-owned/REO properties, available to the KREC for random review, during the year of Respondent Hatcher's probation. By further agreement, Mr. Williams shall pay a \$1,000 fine; complete, within a 6-month period, six additional hours of continuing education (with 3 of these 6 hours in agency law and the remaining 3 hours in contract law). Alternatively, Mr. Williams shall complete, within 6-months from the acceptance of his order, the Commission's 6-hour Core Course, in addition to any continuing education hours he is otherwise required to complete.

Lisa S. Rogers

Case No. 13-0045 (Owingsville)

Violation: Ms. Lisa S. Rogers stipulated to an unintentional violation of KRS 324.160(4)(o) and (u), resulting from her negotiating the sale of a bank-owned property with constructive—not actual—knowledge that the bank representative/seller with whom she directly negotiated on behalf of her buyer-client had the property actively listed with a different real estate company. The violations also resulted from Respondent's failure to take proper action to avoid anticipated problems with the listing agent.

Disposition: Ms. Rogers agreed to pay a \$1,000 fine and to accept a formal reprimand.

J. S. Menendez

Case No. 13-0022 (Paducah)

Violation: Mr. J. S. Menendez stipulated to a violation of KRS 324.160(4)(t) for violating 201 KAR 11:121, Section (1)(4)(b), while providing property management services for an out-of-state client-owner of residential property in Kentucky. Specifically, Respondent Menendez failed to obey his client's lawful instructions to screen the tenants to whom he leased the property, to

Disciplinary Actions

Continued from Page 8

inform the tenants that dogs were not allowed on the property, and to make regular visits to the property to check on the condition of it. These failures resulted in the property being rented to methamphetamine users who were known to the local authorities, had two (2) dogs, and caused damage to the property.

Disposition: Mr. Menendez agreed to pay a \$1,000 fine and accept a formal reprimand.

Justin C. Watt

Case No. 09-0132 (Bowling Green)

Violation: Mr. Justin C. Watt stipulated that he violated:

1. KRS 324.160 (4)(t) by violating:
 - a. 201 KAR 11:400 by: 1) failing to fully explain, on agency disclosure forms, the personal, family, and business relationships that he, Respondent Williams, and/or Sales Associate Douglas J. Kelly had with their buyer-client—Freebird LLC—and with that entity's organizer, Annette Kelly, merely stating on same that "[b]uyer is related to a KY licensed agent" without explaining that the owner of Freebird, LLC, Sales Associate Kelly, and that LLC's organizer, Annette Kelly, are husband and wife. Nor did it explain that Respondent Williams is also Sales Associate Kelly's principal broker; 2) causing the incorrect section of the Agency Disclosure Statement—Seller form to be completed, as well as the omission of the date and time of his seller-clients' signing of same; and 3) failing to take action to ensure that the agency disclosure form that was prepared for their buyer-client correctly stated who the purchaser of the Property actually was; and
 - b. KRS 324.360(4) by failing to solicit his buyer-client's signature on a seller's disclosure form.
2. KRS 324.160(4)(u), resulting from inadvertent confusion caused when a short sale lender requested, by e-mail, that certain information be changed on a "counter offer" when,

in fact, the change should have been made on an amendment to the contract. This confusion also involved a "counter offer" being "accepted" by Ms. Kelly approximately two days before the "counter offer" was signed by the seller.

Disposition: Mr. Watt agreed to pay a \$500 fine; 2) complete, within a 6-month period, six (6) additional hours of continuing education (with 3 of these 6 hours in agency law and the remaining 3 hours in contract law). He also agreed that within said 6-month period, he would complete the Commission's 6-hour Core Course, in addition to any continuing education hours that either is otherwise required to complete; and 3) be formally reprimanded.

Eric C. Ackerman

Case No. 13-0035 (Louisville)

Violation: Mr. Eric C. Ackerman stipulated to a violation of KRS 324.160(4)(t), for violating 210 KAR 11:230, by failing to satisfy his 2012 continuing education requirements.

Disposition: Mr. Ackerman agreed that his license shall be changed from "escrowed" to "suspended for six months."

Terry L. Roth

Case No. 13-0058 (Shepherdsville)

Violation: Mr. Terry L. Roth stipulated to a violation of KRS 324.160(4)(t) by failing to pay the agreed-upon fine imposed in Case No. 12-0078.

Disposition: Mr. Roth's license shall be suspended for six (6) months.

Cathy Humphrey Rigdon

Case No. 13-0040 (Elizabethtown)

Violation: Ms. Cathy Humphrey Rigdon stipulated to a violation of KRS 324.160(4)(t), for violating 201 KAR 11:230, by failing to satisfy her 2012 continuing education requirements.

Disposition: Ms. Rigdon agreed to have the status of her license changed from "escrowed" to "suspended for six (6) months."

Carla J. Short

Case No. 13-0042 (Louisville)

Violation: Ms. Carla J. Short stipu-

lated to a violation of KRS 324.160(4)(t), for violating 201 KAR 11:230, by failing to complete the requirements of her 2012 Continuing Education Delinquency Plan & Agreement.

Disposition: Ms. Short agreed to pay a \$500 fine, complete three hours of continuing education, and accept a formal reprimand.

Brandon Nelson

Case No. 13-0038 (Louisville)

Violation: Mr. Brandon Nelson stipulated to a violation of KRS 324.160(4)(t), for violating 201 KAR 11:230, by failing to timely complete the requirements of his 2012 Delinquency Plan.

Disposition: Mr. Nelson agreed to pay a \$500 fine and accept a formal reprimand.

Gilbert Robbins III

Case No. 13-0041 (Louisville)

Violation: Mr. Gilbert Robbins III stipulated to a violation of KRS 324.160(4)(t), for violating 201 KAR 11:230, by inadvertently failing to timely complete the Kentucky Core Course, as required to satisfy his 2012 continuing education requirement. This was caused by Respondent's reliance upon his good faith, but mistaken, belief that his timely completion of a 3-hour elective course and a 3-hour law course would satisfy the requirement.

Disposition: Mr. Robbins agreed to pay a \$500 and accept a formal reprimand.

William Renfro

Case No. 09-0033 (Smiths Grove)

Violation: Mr. William Renfro stipulated that he violated KRS 324.160(4)(t) by violating KRS 324.160(4)(e), resulting from his failure to disclose, in writing on his purchase contract or offer, his status as a licensee in a dual agency transaction in which Respondents Hatcher and Williams represented Respondent Renfro's LLC's purchase of a bank-owned/"REO" property.

Disposition: Mr. Renfro agreed to pay a \$500 fine and be formally reprimanded by the Commission.

Disciplinary Actions

Continued from Page 9

Finis Wayne Durrett

Case No. 12-0105 (Greensburg)

Violation: Mr. Finis Wayne Durrett stipulated to a violation of KRS 324.160(4)(t) for inadvertently violating 201 KAR 11:400 by: 1) obtaining confidential information from a prospective buyer without first completing, delivering, and soliciting the prospective buyer's signed and dated signature on a Consumer Guide to Agency Relationships form; and 2) failing to prepare and provide a completed Agency Disclosure Statement—Buyer form to the buyer when drafting an offer for the buyer, creating confusion and causing said buyer to discover, untimely, that the loyalties and duties of Respondent laid solely with his seller-client. Said violation also resulted from Respondent's failure to include the time of signing of a separate agency disclosure form that he prepared for a different buyer, whose offer was accepted by Respondent's seller-client.

Disposition: Mr. Durrett agreed to pay a \$500 fine and accept a formal reprimand.

Luke A. Williams

Case No. 09-0132 (Bowling Green)

Violation: Mr. Luke A. Williams stipulated that he violated: 1. KRS 324.160(6) by: 1) failing to exercise adequate supervision over the activities of his affiliated licensees, Respondent Watt and Sales Associate Douglas J. Kelly, to avoid Respondent Watt's stipulated violations and prevent Sales Associate Kelly from acting in the capacity of an undisclosed principal and dual agent representing his LLC (i.e., Freebird LLC) and spouse (Annette Kelly); and 2) failing to prevent the nondisclosure of Sales Associate Kelly's status as a licensee on the offer that was prepared and presented on behalf of Freebird LLC; and 2. KRS 324.160(4)(t) by violating 201 KAR 11:250, Section 1, resulting from his failure to include the time

that he signed a listing contract.

Disposition: Mr. Williams agreed: 1) to pay a \$500 fine; and 2) to complete, within a 6-month period, six (6) additional hours of continuing education (with 3 of these 6 hours in agency law and the remaining 3 hours in contract law). He also agreed that within said 6-month period, he would complete the Commission's 6-hour Core Course, in addition to any continuing education hours that either is otherwise required to complete; and 3) be formally reprimanded.

Stevie R. Blankenship

Case No. 12-0092 (Scottsville)

Violation: Mr. Blankenship stipulated to a violation of KRS 324.160(4)(u), resulting from confusion and misunderstandings centering on Mr. Barry D. Dyer's good-faith, but unsuccessful, attempt to properly refer a buyer-client to Mr. Mackie E. Shelton, who failed to take proper action to ascertain his role with respect to the prospective buyer. Said violation also resulted from Mr. Blankenship's failure to properly handle the prospective purchaser's offer, which included a \$5,000.00 earnest money deposit, and their failure to properly handle a calculation error that the seller-client discovered in the buyer-client's offer. In addition, he also stipulated to an unintentional violation of KRS 324.160(4)(t); specifically, 201 KAR 11:400, resulting from his confusion over agency disclosure requirements. **Disposition:** Mr. Blankenship agreed to complete, within a 90-day period, six (6) hours of continuing education, in law, in addition to any hours otherwise required by law.

Mackie E. Shelton

Case No. 12-0092 (Scottsville)

Violation: Mr. Mackie E. Shelton stipulated to a violation of KRS 324.160(4)(u), resulting from confusion and misunderstandings centering on Mr. Barry D. Dyer's good-faith, but unsuccessful, attempt to properly refer a buyer-client to Mr. Shelton, who failed to take proper action to ascertain his role with

respect to the prospective buyer. Said violation also resulted from Respondents' failure to properly handle the prospective purchaser's offer, which included a \$5,000.00 earnest money deposit, and their failure to properly handle a calculation error that the seller-client discovered in the buyer-client's offer. In addition, each of the Respondents stipulates to an unintentional violation of KRS 324.160(4)(t); specifically, 201 KAR 11:400, resulting from their confusion over agency disclosure requirements.

Disposition: Mr. Shelton agreed to complete, within a 90-day period, six hours of continuing education, in law, in addition to any hours otherwise required by law.

Commissioner Appointment

Any real estate licensee wishing to be considered for a 4-year term as a Kentucky Real Estate Commissioner should submit an application form as soon as possible to the Kentucky Association of REALTORS®

Deadline for submission is August 18, 2014 to KAR, by mail (161 Prosperous Place, Lexington, KY 40509) or by e-mail (see e-mail address below.) Candidate interviews will be held in Lexington on Friday, August 22nd.

An application form and detailed requirements are available at www.kar.com. To qualify, one must have been a resident of the Commonwealth for 10 years and have held a Kentucky Real Estate license for 10 years.

Questions may be directed to jjohnson@kar.com or call KAR 1-800-264-2185.

The following advertisement was submitted by the Kentucky Housing Corporation as part of the Commission's consumer outreach program.

Conventional 97% Loan

No Mortgage Insurance



Kentucky Housing Corporation's
Conventional 97% Loan
with No Mortgage Insurance
is the affordable alternative
to FHA with a
lower monthly payment!



Kentucky Housing
Corporation

**KHC
SAVES
YOUR
CLIENTS
MONEY!**

For more information,
contact KHC Single-Family Programs
toll-free in Kentucky at (800) 633-8896
or (502) 564-7630, extension 291; TTY 711;
or visit www.kyhousing.org.



[Facebook.com/KYHousing](https://www.facebook.com/KYHousing)



[Twitter.com/KYHousing](https://twitter.com/KYHousing)



[YouTube.com/KYHousingCorp](https://www.youtube.com/KYHousingCorp)



KREC's ONLINE LICENSING SERVICES

It's Not Just For Renewal Anymore!

Licensees may access the "Online Licensing Services" tab all year long to manage their real estate license. Sales associates and brokers can easily update personal contact information, as well as place their license in escrow. Principal brokers can access Firm Management with their Firm Registration Key to perform several licensing functions online. Some of those include the ability for principal brokers to print licenses, release licenses, update the firm address, and update the escrow account information online. The "Online Licensing Services" are not mobile ready and are best utilized from a PC or Mac. To check out these online services, please go to our website at www.krec.ky.gov.

Below Are Screen Shots Detailing How Principal Brokers Can Print A License

Kentucky.gov KY Agencies | KY Services

Kentucky Real Estate Commission

Return To Main Menu

KREC License System

All Firms

Welcome ***KREC 1 TEST**.

- You or other licensees affiliated with this firm are registered.
- You can only continue the renewal process if the firm is registered.
- To complete a firm's registration, click on "Edit Firm Registration Information".
- If the Registration Status is incomplete, then some contact, E&O Insurance information has not been completed. See the FAQ document for more information.

The first page is the All Firms page.

To print or release a license you must access them.

To access the branch and the licensees you will need to click "work with branches/licensees" and wait for the screen to change to Branch Registration.

Firm Name	Escrow/E&O	Branches and Licensees	Registration Status
1 KREC TEST FIRM	Edit Escrow/E&O Information	WORK WITH BRANCHES/LICENSEES	Complete

Kentucky.gov KY Agencies | KY Se

 **Kentucky Real Estate Commission**

KREC License System Menu |

Branch Registration

1 KREC TEST FIRM



Branch No.	Address	Licenses	Escrow	Address	Registration Status
0	10200 LINN STATION RD STE 201	 REVIEW/RELEASE/PRINT LICENSES	 Edit Escrow Information		Complete

Branch Registration


Click "review/release/print licenses" to access the licensee information within the desired branch.

Kentucky.gov KY Agencies | KY Service

 **Kentucky Real Estate Commission**

KREC License System  [Return To Main Menu](#) |  G

Associated Licensees

 [View All](#)  [View Renewal](#)

All Licensees

Name	License No.	Renewal Status	Renewal Date	Expiration Date	Private Insurance Approved	Release Licensee?	Print License
*KREC 1 TEST	73750	Unrenewed		3/31/2014	No		Print
*KREC	74953	Renewed	5/20/2014	3/31/2015	Yes	<input type="checkbox"/>	Print

Associated Licensees Page

Click here to print the license of a licensee.